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September 23, 2003

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VIA HAND DELIVERY

Hon. Deborah Taylor Tate, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *BellSouth® Integrated Solutions Bundle*
Docket No. 03-00512

Dear Chairman Tate:

Enclosed are fifteen copies of BellSouth's response to the Staff Data Request dated September 16, 2003. BellSouth intends to file its written response to the *Petition to Intervene* filed by the Consumer Advocate this week. A copy of the enclosed is being provided to the Consumer Advocate's office.

Very truly yours,

A handwritten signature in black ink, appearing to read "Guy M. Hicks". The signature is stylized with a large, sweeping loop on the left side and a smaller loop on the right side.

Guy M. Hicks

GMH:ch

REQUEST: Calculate termination charges for a hypothetical customer under the following scenario: The customer signs a 36-month term contract for a BIS-PRI package priced at \$759 and terminates following the completion of the month 12. Provide actual dollar amounts, and calculate the termination charges separately for the regulated and the nonregulated components of the \$759 bundle.

RESPONSE: In the event of early termination without cause, BellSouth's customer will receive a bill for termination liability charges. Those charges will appear with a distinct termination charge for regulated services and a separate termination charge for nonregulated services.

The termination charges associated with the regulated services for a customer who signs a 36-month term contract for a base BIS-PRI package priced at \$759 and then terminates the contract following the completion of Month 12 shall be calculated using the formula set forth in Section A2.4.10.E of the General Services Subscriber Tariff which provides that the termination liability charge will not exceed the lesser of:

- a. The sum of repayments of discounts received during the previous twelve (12) months of service, the repayment of the prorated amount of any discounted or waived non-recurring charges, and the prorated amount of any documented contract preparation, implementation or tracking charges; or
- b. Six (6%) percent of the total tariff term plan amount if the tariff term plan is four (4) years or less; or twenty-four (24%) percent of the average annual revenues of the tariff term plan if the tariff term plan is longer than four (4) years. Term plan revenue is the total revenue billable under the term plan entered into by the customer. Average annual revenue is the aggregate revenue billable under the term plan divided by the number of years in the term plan

Based on the above provisions, the termination charges for the regulated components for the customer in the above-referenced hypothetical are as follows:

- a. Repayment of discounts received and prorated amount of waived or discounted non-recurring charges.

Repayment of discounts: Monthly discount is difference between tariffed recurring charges and contract recurring charges (\$1,131.70 - \$448.00), or \$643.70. At the end of the 12th contract month, customer has received discounts in the amount of \$7,724.40 (\$643.70 X 12 months).

Repayment of prorated amount of waived or discounted non-recurring charges: Promotion waives tariffed non-recurring charges in the amount of \$1,513.40. At the end of the 12th contract month, the prorated amount for the waived non-recurring charge amounts to \$1,008.93 (\$1,513.40/36 X 24 months). Therefore, under (a), termination charge will be:

\$ 7,724.40
+ 1,008.93
\$8,733.33

- b. Six (6%) percent of the total contract value

Total contract value is \$17,568.00 (\$488.00 X 36 months)

Therefore, 6% of total contract value is \$17,568.00 X 0.06 or \$1,054.08

The actual termination charge will be the lesser of these two amounts or \$1,054.08

BellSouth respectfully objects to providing the termination charges associated with the nonregulated components of the BIS-PRI bundle because the Tennessee Regulatory Authority has no jurisdiction over such nonregulated components. Without waiving this objection and in the spirit of cooperation, BellSouth provides the following calculation of termination charges for the nonregulated components of the BIS-PRI base \$759 bundle under the conditions referenced in the hypothetical. The termination charges associated with the nonregulated services are based on the provisions set forth in Section 11.5 of the BIS Agreement that state:

11.5 If Customer terminates without cause, or has its Services, or this Agreement terminated pursuant to this section, prior to commencement of the Services or prior to the expiration of the Term as set forth in Section 2, Customer shall be liable for any and all expenses incurred to date as a result of this Agreement, including installation charges for the CPE, as well as a termination charge equal to 100% of the total monthly charges (other than variable usage charges) that would have become due for the remainder of the Term if such termination had not occurred; provided, however, that to the extent BellSouth's lawfully filed tariffs governing termination charges for term contracts for regulated services conflict with this provision, then the termination charges for the included regulated services will be computed as set forth in BellSouth's General Subscriber Services Tariff, Section A2. BellSouth will also discontinue providing maintenance on the CPE at no charge to Customer. Customer shall pay the expenses and termination charge to BellSouth within thirty (30) days after such cancellation or termination."

Based on the above provisions, the termination charges for the nonregulated components for the customer in the above-referenced hypothetical are \$271 monthly recurring charge times the 24 months remaining in the contract for a total termination charge of \$6,504.00.

The customer in the hypothetical would receive a bill listing two separate line items for termination charges. The bill would show a \$1,054.08 charge for regulated items and \$6,504.00 termination charge for non-regulated services.

REQUEST: For each of the BIS-T1 and BIS-PRI bundles, provide the following information:

BIS-PRI Bundle	BIS-T1 Bundle	Description
\$	\$	Promotional rate for the regulated elements included in bundle
\$	\$	Promotional rate for the nonregulated elements included in bundle
\$759.00	\$639.00	Total rate for bundle

RESPONSE: The following information is for the \$639 base BIS-T1 package and for the \$759 base BIS-PRI package.

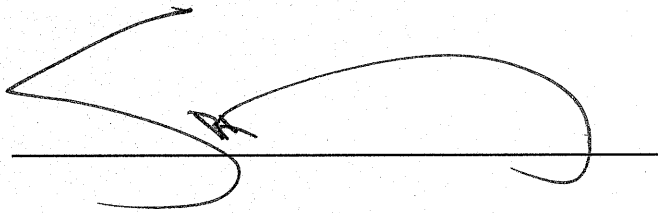
BIS-PRI Bundle	BIS-T1 Bundle	Description
\$488.00	\$368.00	Promotional rate for the regulated elements included in bundle
\$271.00	\$271.00	Promotional rate for the nonregulated elements included in bundle
\$759.00	\$639.00	Total rate for bundle

CERTIFICATE OF SERVICE

I hereby certify that on September 23, 2003, a copy of the foregoing document was served on the parties of record, via the method indicated:

- ☐ Hand
- ☐ Mail
- ☐ Facsimile
- ☐ Overnight
- ☒ Electronic

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A handwritten signature in black ink, appearing to read 'Vance Broemel', is written over a horizontal line.